

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
EA-10 FRB-03 INR-10 IO-13 NEA-11 NSAE-00 ICA-11
OPIC-03 SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00
OMB-01 SS-15 L-03 XMB-02 DODE-00 PA-01 /117 W
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R 042251Z MAY 78

FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC 7311
INFO AMCONSUL MONTREAL
AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY PARIS

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USOECD

E.O. 11652: N/A
TAGS: EFIN, CA
SUBJECT: TERMS OF NEW CANADIAN STANDBY CREDIT

REF: OTTAWA 2276

1. NEW CANADIAN STANDBY CREDIT FACILITY WITH GROUP OF BANKS LED BY CITICORP WILL BE FOR UP TO THREE BILLION U.S. DOLLARS, NOT ONE BILLION AS PREVIOUSLY RUMORED, ACCORDING TO DEPARTMENT OF FINANCE.

2. STANDBY CREDIT FEE FOR FUNDS NOT DRAWN DOWN, AND INTEREST RATE CHARGED IN RELATION TO U.S. PRIME RATE FOR FUNDS DRAWN DOWN ARE STILL UNDER NEGOTIATION. DETAILS ARE TO BE ANNOUNCED MAY 24.

3. STANDBY CREDIT FACILITY IS TO BE FOR PERIOD OF EIGHT
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YEARS. FULL AMOUNT WILL BE AVAILABLE FOR FIRST FOUR YEARS. AMOUNT AVAILABLE WILL THEN DECLINE TO ONE-THIRD OF ORIGINAL AMOUNT BY THE END OF THE SEVENTH AND TERMINATE AT END OF EIGHTH YEAR. AS WITH EXISTING 2.5 BILLION U.S. DOLLAR SHORT TERM CREDIT FACILITY WITH CANADIAN CHARTERED BANKS, GOC WILL BE ABLE TO DRAW DOWN AND REPAY FUNDS AT ANY TIME DURING EXISTENCE OF FACILITY, AND CAN CANCEL ALL OR PART OF

FACILITY WITHOUT PENALTY.

4. MEMBERS OF BANK CONSORTIUM LED BY CITICORP INCLUDE
BANKAMERICA, BANKERS TRUST, CHASE MANHATTAN, CHEMICAL
BANK, CONTINENTAL ILLINOIS, DRESDNER BANK A.G., MANUFACTUR-
ERS HANOVER LTD., AND UNION BANK OF SWITZERLAND.

5. COMMENT. IF FULL THREE BILLION U.S. DOLLAR FIGURE
IS REALIZED, CANADIAN GOVERNMENT WILL HAVE TOTAL OF 5.5
BILLION U.S. DOLLAR IN SHORT TERM CREDITS WITH BANK GROUPS.
AS 1.35 BILLION WAS DRAWN DOWN DURING MARCH AND APRIL ON
EXISTING 2.5 BILLION CREDIT WITH CANADIAN CHARTERED BANKS,
NEW FACILITY WOULD LEAVE GOC WITH U.S. DOLS 4.15 BILLION
AVAILABLE FOR FURTHER DRAWDOWNS AS NEED ARISES. ENDERS

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NNN

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